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31 March 1980

MEMORANDUM FOR: Deputy Director for Administration

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FROM:

[redacted]
Chairman, Headquarters Claims Review Board

SUBJECT: Payment of Claims

REFERENCE: Memo for D/L, fr EO/DDA, dtd. 27 Mar 80,
same subj: (DD/A 80-0851; OL 0 1433)

1. Action Requested: Approval is requested to change the regulations to allow an advance payment of up to 80 percent of the estimated settlement value of a claim. The regulations now allow an advance payment of up to 25 percent, or \$5,000, whichever is less, of the claim's value.

2. Background:

a. The referenced memorandum recommends that the 25 percent limit on advances be changed to allow full payment for the uncontested items. The memorandum also recommends that additional personnel be assigned to reduce the time necessary to process claims. The Board fully supports the objective of expeditiously handling claims to minimize the inconvenience of those suffering losses.

b. This memorandum will discuss that linking payment to the uncontested amount is impracticable and possibly unwise. This memorandum also will recommend a procedure that will meet the objective of providing immediate relief to claimants who have suffered substantial losses.

c. The long processing time required for claims may be divided into two areas. First, the claims must be reviewed for eligibility and often returned to the originating office for additional data and clarification. Secondly, time-consuming calculations must be made on each item to obtain the adjusted value. Then [redacted] is utilized to incorporate category limits. It is at this point that the settlement is identified. This initial dollar value

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SUBJECT: Payment of Claims

has never been contested per se, the appeals have been over items that the Board would not allow, or over the precedented or regulatory limitations used to adjust the value of the claim.

d. The proposed settlement figure, therefore, is first known when the adjudication is ready for presentation to the HCRB members and then to the claimant (because of the numbers involved in the [] claims, this has been two to four months after receipt of the claim, or longer). To routinely pay this amount at this time would miss the objectives of minimizing the inconvenience to the claimant for several months or longer would have already passed. Further, final payment, assuming appeal, would only be less than one month away. This assumes about one week for the members of the HCRB to review and concur/non-concur, a few days for the claimant to appeal, and ten days for the DDA to respond to the appeal. Therefore, payment of the proposed settlement (uncontested amount) when identified, would expedite final reimbursement a bit, but at considerable administrative and practical cost, identified as follows:

(1) Routine payment of the uncontested amount would virtually insure that every claim will be appealed because claimants rarely are offered the full value of their claim. DDA review and adjudication would be required on almost all claims. This would, in effect, reduce the board to an administrative function, with adjudication at the DDA level, and DDA policy appeal at the DCI level.

(2) Payment of the undisputed amount, in addition to the emergency advance payment, would place an additional administrative burden on both the HCRB and OF, aggravating the time required to process all claims.

(3) Of the over [] claims processed [] claims are the cause of the long queue, even though the one full-time claims officer has at times been supplemented by up to five additional people) only two appealed. Therefore, only a few people would benefit, but at a cost to the vast majority due to the increased complexity of administration.

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e. If the advance payment percentage were high enough, presumably the claimants would be tolerant of the processing time necessary to settle claims. The difficulty of paying a high percentage up front is that the allowable amount is not known until the claim is analyzed and each item's adjusted value calculated. Nonetheless, it is recommended that 80 percent of the estimated value be paid immediately where hardship is involved. Although this procedure will increase the workload of the claims review officer by about 10 percent per claim, the increased time will not be so sensitive an issue due to the 80 percent advance payment. It is, therefore, recommended that upon receipt of a claim involving hardship or substantial loss, the claims review officer will review the case to estimate a "ball park" probable settlement and that an advance payment of up to 80 percent of that estimate be authorized.

3. Staff Position: The position of the Legal Adviser and Board members are included on page four of this memorandum.

4. Recommendation: Approval is requested to immediately delegate authority to the Chairman of the HCRB to pay up to 80 percent of the estimated value of claims. Concurrent with this delegation, the Chairman of the HCRB will initiate action to delete [] and replace the deleted wording with the following:

Advance Payments

In unusual instances where the Chairman of the HCRB determines that substantial personal hardship is involved and a preliminary review of the claim indicates that it appears just and reasonable, an advance payment of up to 80 percent of the claim may be made upon receipt of a statement from the claimant agreeing to refund any or all of the advance payment as may be required to conform with the final settlement of the claim.

[] also will be changed as it now specifically allows an advance of only 25 percent on a claim.



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Approved For Release 2005/06/22 : CIA-RDP83-00957R000100010030-4

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AT
APPROVAL:

for Deputy Director for Administration

DISAPPROVAL:

Deputy Director for Administration

DATE:

4-1-80

ROUTING AND RECORD SHEET

SUBJECT: (Optional) Payment of Claims

FROM: [Redacted]
C/HCRB
2F31 [Redacted] Building

EXTENSION

NO.

OL 0 1433a

DATE

STAT

TO: (Officer designation, room number, and building)

DATE

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

RECEIVED

FORWARDED

EQ/ DDA
7D18 Headquarters

3/31/80

2.

3. ADDA

4-1

4. ~~DDA~~

5. Chief/HCRB
Rm 2F31 [Redacted]

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If you approve the recommendation enclosed, then a statement to the effect that a claimant has the right to request up to 75% of the HCRB's adjudicated amount, should he choose to appeal, will be included on all claims now in process, when the claims are presented to the claimant for acceptance or appeal. [Redacted] and [Redacted] have appeals in process. [Redacted] uncontested amount is \$6,135 and [Redacted] is \$2,216. Upon your approval of the enclosed recommendation, 75% of these uncontested amounts will be authorized for payment on these claims.

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DD/A 80-0851
27 March 1980

MEMORANDUM FOR: Director of Logistics

ATTENTION: Chairman, HCRB

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FROM: [REDACTED]
Executive Officer/DDA

SUBJECT: Payment of Claims

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1. As you are aware, a meeting was held in Mr. Wortman's office to discuss the complaints of some employees (albeit few) about the time it takes for payment of claims. After some jousting about, the issue on which Barry Kelly and [REDACTED] presented had to do with Agency procedures which finds a 25% advance against the total claim as the maximum that can be paid a claimant before his entire claim is approved and accepted. [REDACTED] suggested that when a claim involves, for the most part uncontested items as accepted by the Claims Board that the claimant be paid that uncontested amount. Those items contested may then be appealed by the claimant.

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2. Mr. Wortman agreed this could probably be done. He asked that a procedure to that affect be drafted by the Chairman of the Headquarters Claims Review Board. This procedure should then be reviewed by the full Claims Board with appropriate comments and recommendations submitted to the DDA. Mr. Wortman agreed to a possible interpretation that payment in full of uncontested items could be considered as a percentage of the total claim if that were necessary. If the regulations need to be changed, then change them.

3. Also discussed was the time involved in processing claims because of the lack of clerical help. It was pointed out that there is one person reviewing claims and I think one and a half employees for typing. Mr. Wortman asked that the Office of Logistics take a look at this toward assigning the assets necessary to reduce that amount of time in the preparation of claims. From the point of view of the employee and his family who have lost their effects, the expeditious handling of a claim is most important.

4. Clearly, Mr. Wortman would like the above actions taken as soon as possible. I would think no later than 4 April to have the new procedure with Board comments over here.

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All portions of this memorandum
are UNCLASSIFIED.

ROUTING AND RECORD SHEET

SUBJECT: (Optional)

Payment of Claims

FROM:

Executive Officer/DDA

EXTENSION

NO.

DD/A 80-0851

DATE

27MAR80

TO: (Officer designation, room number, and building)

DATE

RECEIVED

FORWARDED

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1. Director of Logistics

2.

3. Chairman, HCRB

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Done Lets get together in this

Extra copies attached for each member of the Bd. [] have cc.) []